

## Market Commentary

**Recap:** The oil market continued to trend higher for the third consecutive session on Wednesday as investor concern over U.S. interest rates eased. Comments from U.S. Federal Reserve Chair, Jerome Powell on Tuesday were seen as less hawkish than feared, pushing the dollar lower. The market posted a low of \$77.08 in overnight trading before it continued to trend higher. It traded to \$78.48, retracing almost 62% of its move from a low of \$72.25 to a high of \$82.48, ahead of the release of the EIA weekly petroleum stock reports. However, the market gave up some of its gains in light of the reports showing builds across the board for the second consecutive week. Crude stocks increased more than expected as domestic oil production increased to a 34-month high. The oil market later settled in a sideways trading range before it attempted to test its 62% retracement level at \$78.57 ahead of the close. The March WTI contract settled up \$1.33 at \$78.47, while the April Brent contract settled up \$1.40 at \$85.09. The product markets ended the session mixed, with the heating oil market settling down 1.11 cents at \$2.8933 and the RB market settling up 60 points at \$2.4628.

**Technical Analysis:** The oil market on Thursday will retrace some of its gains before it once again continues on its upward trend. It is seen testing its resistance at \$78.57, its high and 62% retracement level, before finding further resistance at \$79.73, \$80.49, \$82.48, \$82.64-\$82.66 and \$84.11. Meanwhile, support is seen at its low of \$77.08, \$76.16, \$75.41, \$77.66 and its previous low of \$74.35. More distant support is seen at \$72.25.

**Fundamental News:** The EIA reported that U.S. crude oil stocks in the week ending February 3<sup>rd</sup> increased to the highest level since June 2021, helped by higher production. Crude inventories increased by 2.4 million barrels on the week to 455.1 million barrels, while U.S. oil production increased by 100,000 bpd to 12.3 million bpd, its highest level since April 2020. Crude oil stocks in Cushing, Oklahoma increased by 1.04 million barrels on the week to 39.1 million barrels, the highest level since July 2021. The EIA also reported that distillate stocks increased by 2.9 million barrels on the week to 120.5 million barrels, the highest level since February 2022.

According to Refinitiv analysis, about 4.77 million tons of diesel is already scheduled to arrive in Europe this month compared with a total of 7.73 million tons in January.

BP Azerbaijan declared force majeure on Azeri crude shipments from the Turkish port of Ceyhan on February 7<sup>th</sup>. The notice was issued to oil shippers following a temporary suspension of loading operations from the Ceyhan Marine Terminal. The BTC terminal at Ceyhan was initially expected to resume on February 8<sup>th</sup> or 9<sup>th</sup> as damage at the terminal was being assessed following the earthquake that struck Turkey and Syria early on Monday. A shipping agent said the control room at the terminal had been damaged. The Iraqi crude pipeline to Turkey's Ceyhan oil export hub resumed flows on Tuesday evening and a tanker docked to load Iraqi crude at Ceyhan earlier in the day.

Iran's representative to OPEC, Afshin Javan, said global oil prices may rebound to about \$100/barrel in the second half this year as Chinese demand recovers and supply remains limited.

IIR Energy said U.S. oil refiners are expected to shut in 1,796,000 bpd of capacity in the week ending February 10<sup>th</sup>, cutting available refining capacity by 85,000 bpd. Offline capacity is expected to fall to 1,737,000 bpd in the week ending February 17<sup>th</sup>.

**Early Market Call - as of 8:15 AM EDT**

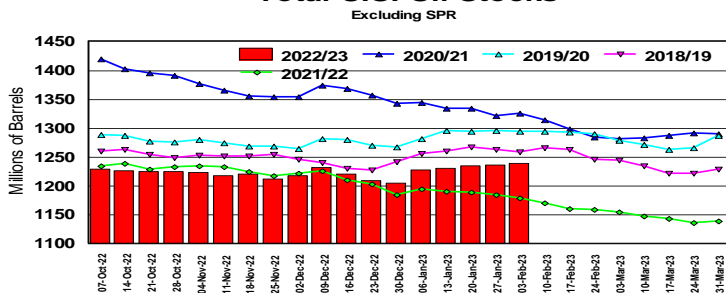
WTI - March \$77.95, down 52 cents  
 RBOB - March \$2.4390, down 2.38 cents  
 HO - March \$2.8358, down 5.75 cents

## All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Mar-23	2.8933	-0.0111	-0.0578
Apr-23	2.8576	0.0076	-0.0204
May-23	2.7991	0.0177	-0.0106
Jun-23	2.7585	0.023	-0.0043
Jul-23	2.7403	0.0258	-0.0053
Aug-23	2.7302	0.0269	-0.0048
Sep-23	2.7273	0.0266	-0.0037
Oct-23	2.7232	0.0261	-0.0021
Nov-23	2.7164	0.0252	0.0006
Dec-23	2.7064	0.0239	0.0026
Jan-24	2.6982	0.0229	0.0038
Feb-24	2.6873	0.0224	0.0039
Mar-24	2.6686	0.0209	0.0026
Apr-24	2.6431	0.0193	-0.0009
May-24	2.6275	0.0171	-0.0048
Jun-24	2.6158	0.0149	-0.0079
Jul-24	2.61	0.0144	-0.0092

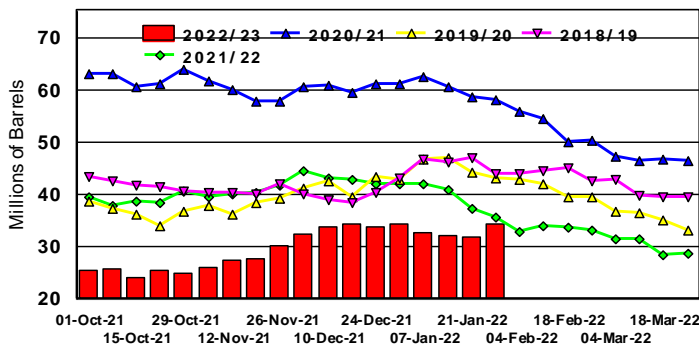
Sprague HeatCurve October 2023-April 2024		Close	Change
Crude - WTI	Apr Brent-WTI Spread \$6.40	\$78.6900	\$1.3000
Crude - Brent		\$85.0900	\$1.4000
Natural Gas		\$2.3960	-\$0.1880
Gasoline		\$2.4628	\$0.0060

### Total U.S. Oil Stocks



## Weekly EIA Petroleum Status Report for the Week Ending January 27, 2023

### Distillate Stocks PADD #1



### Overall U.S. Stats

**Crude Oil Stocks(excluding SPR)** Up 2.4 million barrels  
 Cushing, OK Crude Stocks Up 1.04 million barrels  
**Gasoline Stocks** Up 5.0 million barrels  
**Distillate Stocks** Up 2.9 million barrels  
**Refinery % Operated** 87.9%, up 2.2%

#### PADD #1

	Week Ending Feb 3, 2023	Week Ending Jan 27, 2023	Week Ending Feb 4, 2022
Distillate Stocks (in million bbl)			
New England	5.2	4.8	5.0
Central Atlantic	15.9	15.8	16.6
Total PADD #1	34.3	31.8	32.8
Distillate Imports (thousands b/d)	665	283	405